Turkey-EU Migration: The Road Ahead

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Abstract

About five percent of persons born in Turkey, or born to Turkish parents outside Turkey, some four million people, are in the EU-15 countries. Migration was the major relationship between Turkey and Western Europe for most of the past half century. Recent trade and development policies seem to have substituted trade for migration between Turkey and the EU. Turkey is a net immigration country, and net migration between Turkey and Germany has been negative in recent years, meaning that more German residents move to Turkey than Turkish residents to Germany.

Keywords

International migration, Turkey-EU migration, Mexico-US migration, migration and development.

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Introduction

For most of the past half century, migration has been the major relationship between Turkey and most western European countries. Turkish workers were recruited to fill construction and manufacturing jobs in Germany, and other EU countries. The now EU-15 countries admitted a peak 150,000 Turkish guest workers in 1971, and most halted the recruitment of Turkish guest workers in 1973-74 (Austria continued to recruit Turks, Yugoslavs, and guest workers from other countries until the late 1980s).

After recruitment was stopped, unemployment rates in western European countries that had been very low during the late 1960s and early 1970s jumped as economies underwent structural changes in response to higher oil prices. Turks and other guest workers in Western Europe changed from being associated with employment to being associated with unemployment, as unemployment rates for guest workers were often double the rates of natives.

Newly arrived guest workers who lost their jobs had to leave, but those who had been in Germany and other western European countries a year or more were generally not required to leave even if unemployed. Most stayed and hoped for a quick economic recovery, since economies in Turkey and other migrant-sending countries were also reeling from oil-price hikes. However, many of the jobs for which guest workers were recruited did not reappear after economic restructuring, but many migrants nonetheless stayed, making family formation and unification were more common than returns.

The result was a sharp change in the dependency ratio between the early 1970s and the early 1980s. Two-thirds of foreigners in Germany were employed in 1973, but only a third were employed in the early 1980s.[1] Foreigner went from being associated with employment to unemployment and welfare dependency. This shifted the focus of migration discussions in migrant-receiving countries from labour and employment to discouraging immigration and promoting integration, policies that were often contradictory.

Before Turkey-EU accession negotiations began on 3 October 2005, there were several estimates of potential Turkish migration to the EU. Erzan et al[2] estimated that one to two million more Turks may migrate to the EU-15 countries between 2004 and 2030 with high Turkish growth rates and free movement after 2015; if Turkish growth is slower, they estimated up to three million additional Turkish migrants. However, the model used by Erzan et al. was based on that used by researchers to estimate potential migration from central Europe to EU-15 countries, that is, migration flows were believed to be a function of income levels and employment rates at home and abroad and lagged migrant stocks to account for networking, so that some migration promotes more.

> The Turkish government in the 1960s saw labour migration to western Europe as a window to faster economic development.

Elitok and Straubhaar[3] reviewed the range of estimates of Turkey-EU migration after freedom of movement, noting that estimates ranged from 500,000 to 4.4 million additional Turks in Europe. However, they emphasize that Turkish migration pressure may be higher if Turkey remains outside the EU, which may slow Turkey's economic growth and job creation.

Such models proved wrong in estimating how many Central Europeans would migrate. Fewer than 15,000 so-called A8 migrant workers were projected to move to the UK after 1 May 2004, but over a million arrived between 2004 and 2010. A Migration Advisory Committee report in January 2012 concluded that one British worker was displaced by the arrival of four A8 workers, and that the arrival of A8 workers depressed the wages of low-skilled British workers and bolstered the wages of high-skilled British workers.[4] Instead of reviewing models of how many Turks might move to the EU under freedom of movement, this paper examines past Turkish-EU migration and Mexico-US migration patterns.

Turkey-EU Migration

Guest Worker Recruitment

Organized Turkish labour migration to western European countries began with an October 1961 agreement between Turkey and Germany that allowed German employers to recruit Turkish guest workers. Turkey subsequently signed labour-recruitment agreements with Austria, Belgium, France, the Netherlands, and Sweden.

European labour-recruiting governments and the Turkish government made assumptions about this labour migration that were not fulfilled. Germany and other migrant-receiving governments assumed that Turkish and other guest workers would rotate in and out of their labour markets, and Turkey assumed that remittances and the return of workers with newly acquired skills would speed economic and job growth. These rotation and economic development assumptions undergirded the Ankara Association Agreement of 1963 and the Additional Protocol of 1973 that promised Turkey a steady reciprocal lowering of tariff and migration barriers that were to culminate in Turks having "free access" to the then-EC labour market by December 1986.

Turks did not gain free access to EC labour markets in 1986, but Turkey applied for membership in the then-EC in 1987. Turkey switched from an inward-looking and statist-oriented economic model to an outward- and market- oriented model in the early 1980s, which increased foreign investment in Turkey and Turkish trade with EU countries. Turkey's 1987 EC application was rebuffed, as was another Turkish accession bid in 1997. However, EU leaders put Turkey on a list of countries eligible for future EU entry in December 1999. Turkey reapplied, and Turkish-EU accession negotiations began in 2005.

Turkey-EU accession negotiations have been slow. Between 2005 and 2010, most of the 35 chapters of the EU acquis remain in negotiation.[5] Prime Minister Recep Tayyip Erdoğan says that Turkey's "goal is full membership" in the EU, but the leaders of France, Germany, and some other EU member states argue that there should be some form of "special relationship" with Turkey rather than full Turkish membership in the EU.

One reason some EU leaders fear Turkey's full EU membership is the potential for more Turkish out-migration. The Turkish government in the 1960s saw labour migration to western Europe as a window to faster economic development. Otherwise unemployed or underemployed workers could go abroad to earn wages and learn skills, and their remittances would be invested to speed economic and job growth in Turkey after they returned. Expectations were high, and there was disappointment when labour migration did not turn out to be a panacea in a Turkey still largely closed to trade and investment and suffering from periodic economic and political crises.[6]

Instead of using their newly-acquired skills in Turkish factories, most returning Turkish workers built or improved housing, bought land, and created small service businesses for themselves and their families. Migrating abroad helped individuals to improve their economic status, but did not lead to stay-at-home development in emigration areas; in some areas, emigration pressures may have risen rather than fallen.[7]

Remittances helped to cover Turkey's chronic balance of payments deficits, but did not generate job-creating investment. Just after the 1973-74 recruitment stops, the ILO echoed pessimism in Turkey about the development effects of out-migration by concluding:

> "the main economic benefits of emigration are far less certain that has been maintained hitherto. They may possibly be negative in the aggregate …sending countries need to keep their policies under close examination… The worst but not the most unlikely effect is that emigration breeds the emigrating sub proletariat of tomorrow."[8]

Between 1961 and 1973, a million Turkish workers went to Western European nations. Many stayed more than a year, so the stock of Turkish workers in Western Europe reached 1.3 million in 1973, including three-fourths in Germany.[9] In 1973, when Turkey's labour force was 15 million, including 10 million employed in agriculture, a sixth of Turks with nonfarm jobs were in Western Europe, and their remittances were five percent of Turkish GDP.[10] There were over 1.5 million Turkish workers on waiting lists to go abroad in 1973.

The peak years of Turkish labour migration were between 1968 and 1973, when the Turkish Employment Service (TES) handled the exit of about 525,000 workers, 80 % of whom went to Germany. Other Turks went on their own to Western Europe, found jobs, and received work permits.[11] Especially at the beginning of Turkish-EU migration, most guest workers were from the western and more modernized parts of Turkey rather than the more rural east, and at least a third were classified as skilled by the TES, even though most filled unskilled jobs in Western Europe.[12]

About 80 % of Turkish migrants were men between the ages of 20 and 40.

In November 1973, the German government halted the recruitment of low-skilled foreign workers expected to be employed 90 days or more. When jobless guest workers began to unify families rather than return in the mid-1970s, the German government discouraged family unification, including making spouses wait several years before they could get work permits and designating German cities with more than six percent foreigners "overburdened" and off-limits to new foreigners seeking residence permits.[13] In 1982, the newly elected CDU-CSU-FDP government, whose motto was "Germany is not a country of immigration," offered return bonuses to jobless guest workers who gave up their work and residence permits, reducing the number of foreign residents by about 250,000.

Fears of an evolving underclass prompted the German government in 2000 to introduce birthright citizenship to children born to legal parents in Germany.

Turks were the largest group of foreigners in Germany in the 1980s, and family unification and births added to their number. After a 1980 coup in Turkey, some Turks applied for asylum in Germany and other European countries, producing an "asylum crisis" that was largely solved by requiring Turks to obtain visas. There was another asylum "crisis" in Europe in the early 1990s that included Turks but was dominated by nationals of the ex-Yugoslavia, and it was defused by first-safe country and safe-third country rules that limited access to the asylum system.[14]

Integration

Turkish-EU labour migration has been on a declining trajectory over the past two decades. Turkey has been a net immigration country since the mid-1990s. Migrants from Turkish-speaking CIS countries and those transiting Turkey from North Africa and the Middle East far outnumber Turks emigrating to join relatives or seek asylum in EU-15 countries. There is still some labour out-migration from Turkey, as up to 100,000 Turks a year leave to work primarily in Middle Eastern countries or in the CIS countries, often as employees of Turkish construction companies.

The major migration-related issues involving Turks in Western European nations is integration and future migration. Turks, who were associated with employment in the early 1970s, are today more often associated with non-work, as exemplified by low labour force participation rates and high unemployment rates. Fears of an evolving underclass prompted the German government in 2000 to introduce birthright citizenship to children born to legal parents in Germany; they must choose German citizenship by age 23 or lose it.[15]

In 2005, Germany implemented its first-ever regulated immigration system aimed at attracting highly skilled foreigners and investors, but also added requirements that foreigners seeking to renew their residence permits must participate in German language and culture classes. Since 2007, there are similar tests for foreigners seeking to join settled family members in Germany. Such *jus solis* policies and "integration contracts" and language tests are becoming more common in European countries that recruited Turkish guest workers and worry about the integration of second and third generations.

Turks in the EU

There were 32.5 million foreigners in the EU-27 nations in 2010, including 31 million in the EU-15 countries. Over 20 million of these foreigners were not citizens of EU member states, that is, about 12 million foreigners in the EU-27 nations were EU citizens, such as Poles in the UK. An estimated two to four million of these foreigners are unauthorized.[16]

A larger number of EU residents, some 47 million, are foreign-born, meaning they were born outside the country in which they are now living, that is, there were about 15 million naturalized foreigners in EU countries. Most foreign-born residents are in four countries: Germany 9.5 million; France 7.1 million; UK, 6.8 million; and Spain, 6.3 million. As with all foreigners, over 90 % of naturalized citizens are in EU-15 member states.

The leading sources of intra-EU migrants are Romania, 2.2 million; Poland, one million; and Italy, almost a million. The leading sources of non-EU migrants are Turkey, about 2.5 million; Morocco, 2 million; and Albania, 1 million. Each nationality is concentrated in one or two EU countries, as with Turks in Germany, Moroccans in Spain and France, and Albanians in Greece and Italy.

Turkish data suggest 3.8 million Turkish citizens abroad in 2009, including 1.7 million in Germany, down from a peak 2.2 million in the late 1990s (many Turks are also citizens of the countries in which they reside). Germany had about three-fourths of Turkish citizens abroad in the early 1980s; today, less than half of Turks abroad are in Germany. Turkey had 1.3 million foreign-born residents in 2000, including almost a million who were Turkish citizens born outside Turkey.

Unlike the declining trajectory of Turkish-EU migration in the past decade, Mexico-US migration increased after guest worker recruitment was stopped.

Turkey is doing well economically today, but has a very uneven economic growth record. To sustain its economic growth, most studies suggest that Turkey should invest more in the education of its workers, especially youth and women, in order to raise labour force participation rates, productivity, and wages. If the relatively large number of low-skilled Turks cannot be absorbed in a growing Turkish economy, some may consider migration to countries that have established Turkish communities abroad. However, EU economies have evolved in ways that reduce their demand for the low-skilled Turks who may be most likely to emigrate, highlighting the need to invest in the human capital of Turkish workers at home and abroad.

Mexico-US Migration

Unlike the declining trajectory of Turkish-EU migration in the past decade, Mexico-US migration increased after guest worker recruitment was stopped. The US admitted a peak 455,000 Mexican Braceros in 1956, and halted Bracero recruitment in 1964. There was not a sudden uptick in Mexico-US migration in the mid-1960s, and the US government maintained an attitude of benign neglect toward Mexico-US migration during the 1970s, as unauthorized migration began to rise in response to a debt crisis that led to sharp devaluations of the peso and made working in the US more attractive.[17]

During the 1970s, Congressional representatives allied with unions several times tried to enact legislation that would impose federal sanctions or fines on US employers who knowingly hired unauthorized foreign workers. Their goal was, in the words of then Rep. Peter Rodino (D-NJ), to "close the labour market door to unauthorized workers." However, conservative southerners such as Senator James Eastland (D-MS) blocked employer sanctions in the Senate on behalf of farmers and other employers who admitted that they hired unauthorized Mexican workers.

President Ronald Reagan signed the Immigration Reform and Control Act (IRCA) into law in 1986, when a record 1.8 million unauthorized foreigners were appended just inside the US border with Mexico. IRCA represented a grand bargain between restrictionists who believed that the top priority should be to deter the entry and employment of unauthorized foreigners and admissionists who believed that the first priority should be to legalize unauthorized foreigners. Some Hispanic groups opposed IRCA because they feared that employer sanctions would prompt US employers to avoid hiring Hispanics to avoid fines.

The major feature of IRCA that shaped Mexico-US migration flows over the past quarter century were two legalization programs. One granted legal status to unauthorized foreigners in the US before 1982, and the other program legalized unauthorized farm workers who did at least 90 days of farm work in 1985-86. The two programs legalized 2.7 million people, 85 % Mexicans, and especially the farm worker program set the stage for more Mexico-US migration. A sixth of the adult men in rural Mexico in the mid-1980s became legal immigrants under the so-called Special Agricultural Worker program. The families of SAWs were not legalized, under the theory that newly legalized Mexican farm workers wanted to maximize the value of their US earnings by keeping their families in lower-cost Mexico. This theory proved false.

Illegal Mexico-US migration rose in the 1990s due to SAW family unification and because there was little effective enforcement of employer sanctions laws. In a bid to curb discrimination against minorities, IRCA required employers to check the identity and right to work of each new worker hired, but employers did not have to verify the authenticity of the documents presented by workers. This check-but-do-not-verify policy allowed unauthorized workers to present false documents or documents belonging to legal workers to get hired. Employers faced little risk of fines, since they could say they did not know the worker's documents were false. Employers could still lose unauthorized workers and production in the event of workplace raids, but there were relatively few enforcement raids.[18]

A combination of legalization, ineffective enforcement, and a US economic boom in the late 1990s spread unauthorized workers, primarily Mexicans, throughout the country. Many newly arrived unauthorized Mexicans bypassed farm jobs, their traditional port of entry into the US labour market, and went directly into US construction, manufacturing, and service jobs.

There was a brief slowdown in illegal Mexico-US migration in 2001-02 in the wake of the recession and the 11 September 2001 terrorist attacks, but unauthorized entries rose sharply during the 2003-07 US economic boom. Both Mexican President Vincente Fox (2000-06) and US President George W Bush (2000-2008) endorsed proposals to legalize unauthorized Mexicans in the US and create new guest worker programs. However, restrictionists and admissionists in Congress disagreed on the key elements of immigration reform. The House in December 2005 approved an enforcement-only bill aimed at reducing unauthorized entries and employment, while the Senate approved a comprehensive bill in 2006 that included more enforcement as well as legalization and new guest worker programs. Unlike with IRCA in 1986, restrictionists and admissionists were unable to compromise, and immigration reform died in the Senate in 2007.

The number of unauthorized foreigners, almost 60 % Mexicans, peaked in 2008 at 12 million. Since then, the number of unauthorized foreigners has fallen by a million, reflecting the impacts of the 2008-09 recession, which more than doubled the US unemployment rate from less than five percent to almost 10 %. Unauthorized workers were concentrated in some of the industries that lost many jobs in 2008-09, including construction, but relatively few appear to have returned to their countries of origin. Instead, most of the unauthorized remained in the US. The declining stock was due to fewer new entries and some unauthorized becoming legal immigrants (about 60 % of legal immigrants are in the US when they obtain immigrant visas).[19]

As the US economy rebounds, unauthorized migration will provide a test of regulations versus markets.

An estimated 40 % of Mexican residents had at least one US relative in 2010, and the share of Mexicans with US relatives is even higher in the major areas of origin for US-bound migrants, west-central and southern Mexico. As the US economy rebounds, unauthorized migration will provide a test of regulations versus markets. Will Mexicans try to enter the US and find jobs despite 21,000 Border Patrol agents and 700 miles of fencing on the Mexico-US border? Will more audits of the I-9 forms that US employers are required to complete for each new hire deter unauthorized workers from seeking entry or simply circulate them from one employer to another?

The federal government remains deadlocked on immigration reform, but many state and local governments are trying to discourage unauthorized foreigners from living and working in their jurisdictions with laws that require employers to use the federal government's voluntary E-Verify system to check the legal status of new hires, require police to determine the legal status of those they encounter or arrest, and require landlords to check the legal status of renters. These attrition-through-enforcement laws, symbolized by Arizona's SB 1070 law enacted in April 2010, have not yet been implemented because of court injunctions; nonetheless, five other states enacted similar attrition-through-enforcement laws in 2011. If the authority of state and local governments to enact restrictive immigration laws is upheld, the US could develop a patchwork of laws aimed at reducing unauthorized migration.

Perspective: Turkey-EU and Mexico-US Migration

Turkey's economy expanded by almost 4 % a year between 2000 and 2009, making Turkey an "economic star" among the world's middle-income developing countries. Despite rapid economic growth and Turkey acting as a net immigration country, there are still fears of "mass migration" from Turkey if Turks had freedom of movement rights after Turkey became a full member of the EU.

> The key challenge for both Mexico and Turkey is creating good jobs that keep potential migrants at home.

Turkey has opened its economy to foreign investment and trade, shrunk the role of state-owned enterprises, and undergone a political transformation, raising the question of whether these changes are sufficient to believe that the era of mass out-migration is unlikely to resume in Turkey. Comparing Turkey with Mexico may help to shed light on potential Turkey-EU migration.

Mexico had 111 million and Turkey 74 million residents in 2010 (PRB).[20] Although fertility rates have dropped substantially, the Mexican fertility rate of 2.2 in 2010 and the Turkish rate of 2.1 are higher than rates in the major (potential) destinations for their migrants, the US (2) and Germany (1.3).[21] The demographic issue is not so much migration pressure after 2025, when the Mexican and Turkish populations are projected to be 123 and 85 million, respectively, but how to manage migration and integration until demographic and other inequalities narrow.

The key challenge for both Mexico and Turkey is creating good jobs that keep potential migrants at home. In most OECD countries, half of the population is in the labour force. For example, the US population was 310 million and the labour force was 154 million in 2010.[22] The share of the population that is in the labour force is lower in Mexico, about 42 %, and even lower Turkey, about 31 %.

Labour force participation rates (LFPRs), the share of work-eligible persons employed or looking for work, are also lower in Mexico and Turkey. LFPRs are typically about 65 % (64 % in the US in 2010) in OECD countries, but only 60 % in Mexico and 50 % in Turkey. Women are half of the labour force in most OECD countries, but the female share of the labour force is only 37 % in Mexico and 31 % in Turkey.

Among those in the labour force, un- and under-employment is more prevalent in Mexico and Turkey than in other OECD countries, and a higher share of workers in Mexico and Turkey are employed in agriculture. Workers in informal jobs and employed in agriculture may include potential migrants. In both Mexico and Turkey, unemployment rates are similar to those in the major destination countries, but under-employment rates are much higher. In Mexico, for example, the number of full-time, private-sector jobs covered by the Social Security system (IMSS) has been stable at about 12 million for the past decade, even though the labour force rose by seven million. In Turkey, a third of workers in urban areas and three-fourths in rural areas were not registered with the social security system (SGK) that provides health insurance and pensions in 2005.[23]

Many of the underemployed Mexicans and Turks are in agriculture, which included eight million Mexicans and 8.5 million Turks in 2008 according to World Bank Indicators. The value added by those employed full-time in agriculture is relatively low, about $3,300 in both Mexico and Turkey in 2008, suggesting that many farmers and farm workers would move to higher wage nonfarm jobs if they could. Agriculture in both countries is shrinking. The share of employment in agriculture fell sharply in Mexico over the past two decades, from a quarter to an eighth of workers, and in Turkey from almost half to a quarter of workers.[24] However, the roughly eight million workers still employed in agriculture in each country include, with family members, 25 to 30 million people.

Few people with formal wage and salary jobs migrate, so the keys to reducing migration pressure are reducing underemployment in agriculture and creating wage and salary jobs. The labour forces of Mexico and Turkey are a smaller share of residents than the OECD average, where half of the population is in the labour force. In Mexico, only 42 % of residents are in the labour force and in Turkey only a third. In most OECD countries, over 80 % of those in the labour force are wage and salary employees,[25] but only 63 % of workers in the Mexican labour force are wage and salary employees and 54% in Turkey. If half of the residents of Mexico and Turkey were in the labour force, and if 82 % of workers were wage and salary employees, Mexico would have 16 million more wage and salary employees and Turkey 17 million more.[26]

Table 1: Mexico and Turkey, Population and Labour Force, 2005-09

	2005	2006	2007	2008	2009
Population(Mils)					
Mexico	104	105	106	107	108
Turkey	69	69	70	71	72
Labour Force (Mils)					
Mexico	42	43	44	45	45
Turkey	25	25	23	24	
Labour Force/Population (%)					
Mexico	40%	41%	42%	42%	42%
Turkey	37%	36%	33%	33%	
Employee Share of Labour Force (%)					
Mexico	60%	63%	63%	64%	63%
Turkey	45%	47%	54%	54%	
W&S Employees (mils)					
Mexico	25	27	28	29	29
Turkey	11	12	13	13	13
If LF/Pop Shares were 50 %, LF (mils)					
Mexico	*52*	*53*	*53*	*54*	*54*
Turkey	*34*	*35*	*35*	*36*	*36*
If 82 percent of persons in LF were W&S employees (mils)					
Mexico	*43*	*43*	*43*	*44*	*44*
Turkey	*28*	*28*	*29*	*29*	*29*
Difference: Potential W&S employees minus actual (mils)					
Mexico	*18*	*16*	*16*	*15*	*16*
Turkey	*17*	*16*	*16*	*16*	*17*
Source: OECD, Labour Force Statistics 1989-2009					

Mexico and Turkey have had roller-coaster economic growth trajectories over the past quarter century.[27] In some years they had the fastest-growing economies in the OECD, while in other years they suffered severe recessions and currency devaluations. Throughout these economic fluctuations, both Mexico and Turkey have been marked by high ratios of economic to labour force growth and even higher ratios of economic to wage and salary growth, indicators of so-called jobless growth.

Economic growth can be associated with employment growth, productivity growth, or both. Mexico and many Latin American countries have relatively high ratios of economic to employment growth that some attribute to slow productivity growth, while Korea is often cited as an example of an economy that achieved a triple play, that is, high economic, employment, and productivity growth.

Sustained economic growth and formal sector job creation are the keys to stay-at-home development. Between 2005 and 2009, Mexico's economy expanded an average 1.3 % a year and Turkey's 3.2 % a year. Mexico's labour force expanded faster, an average 1.7 % a year, while Turkey's labour force was stable at about 25 million. Wage and salary employee growth was strong in both Mexico and Turkey, but creating an average 600,000 wage and salary jobs a year in Mexico, and 420,000 a year in Turkey,[28] is not sufficient to absorb new job seekers and workers who have informal jobs, including unpaid family workers on farms and in small businesses.

Table 2: Mexico and Turkey, Economic and Job Growth, 2005-09

	2005	2006	2007	2008	2009	Average
Economic growth (%)						
Mexico	3.2	4.9	3.3	1.5	-6.5	1.3
Turkey	8.4	6.9	4.7	0.7	-4.7	3.2
Labour force growth (%)						
Mexico	0.5	3.1	1.9	2.5	0.7	1.7
Turkey	1.6	0.8	-8.7	3.0		0.6
Ratio: Economic growth to W&S employees						
Mexico	6.7	1.6	1.8	0.6	-9.8	
Turkey	5.2	8.7	-0.5	0.2		
W&S Employees Growth (%)						
Mexico	2.4	5.0	1.8	3.2	-1.0	2.3
Turkey	6.5	5.3	4.2	3.2	-0.8	3.7
Ratio: Economic growth to W&S employees						
Mexico	1.4	1.0	1.8	0.5	6.2	
Turkey	1.3	1.3	1.1	0.2	6.1	
Sources: Economic growth, World Bank; W&S employees, OECD						
Economic growth is the annual percentage growth rate of GDP at market prices based on constant local currency						

Both Mexico and Turkey need sustained economic and formal-sector job growth to reduce out-migration and reassure the US and Western European countries that there will not be significant out-migration. The issue is how to achieve faster economic and wage and salary job growth. The usual recommendation is to adopt the Scandinavian flexicurity approach to labour markets that protects workers rather than jobs, that is, makes it easy for employers to hire and fire and provide generous unemployment and retraining benefits to laid-off workers.

This is the opposite of the practice in Mexico and Turkey, which rank among the most restrictive OECD countries in employment protections (along with Portugal). Labour market restrictions are one reason cited frequently to explain slow formal sector job growth despite economic growth, and why the number of formal jobs does not fall significantly in recessions. Such employment behaviour is typically of insider-outsider labour markets,[29] where workers employed by government and in private jobs subject to effective government regulation, such as large firms and multinationals, have extensive work-related benefits and protections.

Economic crises in the 1980s prompted both Mexico and Turkey to change from inward-looking and state-centred economic policies to favour trade and seek foreign investment to create jobs and stimulate exports.

There have been many analyses of labour market inflexibilities in Mexico and Turkey. The World Bank[30] emphasized Turkey's high severance pay,[31] restrictions on temporary employment,[32] and high UI premiums as examples of policies that protect insiders with jobs but discourage formal-sector job creation. One result is that hours worked in Turkish manufacturing averaged 52 a week in 2004,[33] more than the 45 a week in Mexico and the 38 a week in the EU-15 countries,[34] suggesting that manufacturers would rather pay overtime than hire more workers. Three groups of workers were singled out as hurt by Turkish policies that protect insiders: women who migrate from rural-to-urban areas and drop out of the labour force (they were considered employed in agriculture), young university graduates who have trouble finding jobs, and men 55 and older.

Mexico and Turkey share several similarities. Mexico is the third most populous country in the Western Hemisphere, after the US and Brazil; Turkey is the third most populous country in Europe, after Russia and Germany. Economic crises in the 1980s prompted both Mexico and Turkey to change from inward-looking and state-centred economic policies to favour trade and seek foreign investment to create jobs and stimulate exports.

> EU attitude toward Turkey has been to promote economic integration in a bid to speed development while delaying free movement of workers for fear of "too many" Turkish migrants.

Both Mexico and Turkey experienced significant political changes in the past decade. Mexico's dominant political party lost the presidency for the first time in 70 years in 2000, and leaders who were previously banned from politics in Turkey won elections and were re-elected for the third time in June 2011. Mexico and Turkey have relatively poor indigenous groups and minorities concentrated in the south and east, respectively. Both governments emphasize secularism despite strong religious traditions. Finally, Mexico and Turkey have shown that history does not have to repeat itself. Mexico did not have an economic crisis during its presidential succession in 2000, and Turkey has not had a "once-a-decade" military intervention.[35]

The US attitude toward Mexican migration encapsulated in NAFTA was to promote trade and investment, but not provide aid and or promise the free movement of labour. The EU attitude toward Turkey has been to promote economic integration in a bid to speed development while delaying free movement of workers for fear of "too many" Turkish migrants. The US government spends far more to control the Mexico-US border than aid for Mexico, while Turkish-EU accession negotiations appear frozen even as Turkey-EU economic integration deepens.

There are also outlook differences. Mexico, whose economy grew 5.5 % in 2010, is sometimes portrayed in the US media as a country in the midst of drug wars that resulted in about 35,000 deaths between 2006 and 2010. There is a danger that drug violence could reduce foreign investment and tourism just as government revenue from Pemex begins falling,[36] which would restrict the ability of the government to finance the education and infrastructure needed for sustained economic growth. Mexican observers emphasize that political changes and reforms have increased democracy and made the Mexican president and federal government weaker at a time when the government must confront tough choices, including opening the oil sector to foreign investment, reforming the labour market to speed formal-sector job creation,[37] and dealing with poor people and lagging regions.

Over 75 % of Mexicans live in urban areas, but most of Mexico's poor people, and most Mexicans who migrate to the US, are from rural areas. NAFTA opened Mexico to trade in farm commodities, but Mexican government subsidies for agriculture (Procampo) do not help many poor farmers to change crops, make the transition to larger farms, or move to nonfarm jobs.[38] Instead, the Mexican government is trying to break the cycle of poverty by making cash payments to poor mothers whose children attend school and receive regular health checks. Some urge further expansion of this conditional-cash transfer Opportunidades program, while others argue that Opportunidades payments "buy off" the poor and reduce the urgency of the fundamental reforms needed to ensure faster economic growth.[39]

Political gridlock slows labour market and business reforms that could speed up formal sector job growth. Mexico has internationally competitive multinationals ranging from Bimbo (bread) to Cemex (cement) that face little competition at home, so that prices for the products produced by Mexican multinationals may be higher in Mexico than abroad. If there were more competition in Mexico, prices for Mexican consumers may drop, reducing the cost of living and providing an opening for smaller firms to compete, which could spur job creation. Presidential elections in July 2012 may result in a continuation of political gridlock.

Turkey has had five financial crises and recessions in the past three decades, beginning with a foreign debt crisis in 1979 followed by economic reforms in the early 1980s, another crisis in 1994, another in 1998-99 in the wake of the Russian financial crisis, and another in 2001. Most of these crises were resolved with IMF support that was to be accompanied by structural reforms that emphasized privatization of state enterprises and reductions in government activities, and during the 2002-07 period, Turkey attracted significant FDI that generated rapid economic growth.[40] The 2008-09 global economic crisis affected Turkey, but Turkey's economy bounced back quickly, so that by 2011 Turkey was expected to have the fastest-growing economy in the OECD.

Political gridlock slows labour market and business reforms that could speed up formal sector job growth.

Turkish voters re-elected the ruling AKP party in June 2011, giving Turkey its third consecutive single-party government. There is tension between the AKP and the secular-nationalists in the military and judiciary, but constitutional reforms approved by voters in September 2010 are likely to reduce the influence of the military and reform the judiciary over time. There is a significant backlog of economic reforms, including tax and labour market reform. Turkey runs a current account deficit that is financed by capital inflows, which can accentuate inflation and, if foreign capital leaves quickly, lead to a sharp devaluation. Turkey has a particular problem generating enough good jobs for urban women and for youth, including youth with education.[41]

Conclusions

Turkey is an upper middle income developing country poised to grow faster as a result of globalization and closer economic integration than richer countries such as Germany that have been destinations for Turkish workers. Turkey, a dynamic society with a fast-changing economy, had large-scale emigration before economic policies changed from inward-looking and import-substitution efforts to outward-oriented and export-promotion policies.

The fact that migration came before trade, and that many EU countries fear more hard-to-integrate Turks if Turkey joins the EU and Turks gain freedom-of-movement rights, complicates closer economic integration. A large share of Turkish workers is employed in agriculture and in the informal sector. Few workers with formal sector jobs migrate, suggesting that the challenge facing the Turkish government is how to speed up stay-at-home development, that is, steady economic growth that creates enough good jobs to employ new labour force entrants, those leaving agriculture, and those employed in the informal sector and not now in the labour force.[42]

Turkey has some of the strongest employment protection laws and lowest levels of formal sector jobs among OECD countries, which may help to explain relatively low levels of labour force participation and the paucity of wage and salary jobs. If Turkey had levels of labour force participation and wage and salary jobs equivalent to the average for OECD countries, Turkey would have 17 million more wage and salary employees. The policy challenge is to move from the current insider-outsider labour market to a labour market that offers formal sector jobs, perhaps with fewer protections, to more workers. Without such reforms, Turkey may find efforts to liberalize migration blocked by fears of actual or potential migrants. The goal is a world of few migration barriers and little unwanted migration, which can be achieved most easily if fears of mass migration ease.

Endnotes

1 Philip Martin, "Germany: Managing Migration in the 21st Century", in Wayne A. Cornelius, Takeyuki Tsuda, Philip L. Martin, and James F. Hollifield (eds.), *Controlling Immigration: A Global Perspective*, Stanford, California: Stanford University Press, 2004. Some of the increase in the number of Turks in the early 1980s reflected the arrival of asylum seekers. Germany and some other European countries did not require visas of Turks until a military coup in Turkey in 1980 sent over 50,000 Turkish asylum seekers to Germany. Germany imposed visa requirements on Turks, and the number of Turkish asylum seekers dropped.

2 Refik Erzan, Umut Kuzubaş, and Nilüfer Yıldız, "Growth and Immigration Scenarios: Turkey-EU", in Michael Emerson and Senem Aydın (eds.), *Turkey in Europe Monitor*, January 2004-February 2005, Nos. 1-14, p.115.

3 Seçil Paçacı Elitok and Thomas Straubhaar, "Turkey, Migration and the EU: Potentials, Challenges and Opportunities", *Econ Papers*, Vol. 5 (2012), p. 264, at http://econpapers.repec.org/bookchap/zbwhwwied/5.htm. [last visited 21 March 2012].

4 Migration News, "UK: Population, Tiers", Vol. 19, No. 1 (January 2012), at http://migration.ucdavis.edu/mn/more.php?id=3732_0_4_0 [last visited 12 April 2012].

5 The Economist in March 2011 reported that only the *acquis* chapter dealing with science had been concluded, and that there were no negotiations on 18 chapters.

6 Elitok and Straubhaar, "Turkey, Migration and the EU", p. 11.

7 Nermin Abadan-Unat (ed.), *Turkish Workers in Europe*, Leiden, EJ Brill, 1976.

8 International Labour Organization, *Some Growing Employment Problems in Europe, Report II*, Second European Regional Conference, Geneva, 1974, pp.98-99.

9 Ali Gitmez, "Turkish Experience with Work Emigration", *Yapı Kredi Economic Review*, Vol. 3, No. 4 (July 1989), p.7.

10 Philip L. Martin, *The Unfinished Story: Turkish Labour Migration to Western Europe*, Geneva, International Labour Office, 1991.

11 The TES registered Turks wanting to work abroad, and German or other foreign employers selected the workers they wanted to hire from TES recruitment lists. Over time, foreign employers were more likely to specify the Turkish workers they wanted to hire by name.

12 Ahmet Akgündüz, *Labour Migration from Turkey to Western Europe, 1960–1974: A Multidisciplinary Analysis*, Aldershot, Ashgate, 2008. Despite protests from some Turkish employers, the Turkish government restricted only the emigration of Zonguldak miners. See, Nermin Abadan-Unat, "Turkish Migration to Europe and the Middle East", in Laurence Michalak and Jeswald Salacuse (eds.), *Social Legislation in the Contemporary Middle East*, UC Berkeley, Institute of International Studies, 1986, pp. 361-362.

13 Martin, "Germany: Managing Migration in the 21st Century".

14 Foreigners seeking asylum were required to apply in the first-safe country they reached, and its decision was binding on other countries, and foreigners from "safe-countries" were deemed generally not in need of protection.

15 Martin, "Germany: Managing Migration in the 21st Century", in Cornelius, Tsuda, Martin and Hollifield (eds.), *Controlling Immigration: A Global Perspective*.

16 "EU: Migrants, Economy", *Migration News*, Vol. 19 No. 2 (April 2012), at http://migration.ucdavis.edu/mn/more.php?id=3750_0_4_0 [last visited 5 May 2012].

17 Philip Martin, *Importing Poverty? Immigration and the Changing Face of Rural America*, New Haven & London,Yale University Press.

18 Philip Martin, "Good Intentions Gone Awry: IRCA and U.S. Agriculture", *The Annals of the Academy of Political and Social Science*, Vol. 534 (July 1994), pp. 44- 57.

19 "Mexico: Labor, Elections", *Migration News*, Vol. 19, No. 2 (April 2012), at http://migration.ucdavis.edu/mn/more.php?id=3748_0_2_0 [last visited 5 May 2012].

20 The OECD puts the 2009 population of Mexico at 108 million and of Turkey at 71 million; PRB (www.prb.org) puts the 2010 population of Mexico at 111 million, and increasing by 1.5 million a year, and the population of Turkey at 74 million and increasing by 890,000 a year. About 29 % of Mexicans are under 15, and 26 % of Turks are under 15.

21 Most Mexicans migrate to the US, which had 310 million residents in 2010, a population growing by 1.9 million a year, and 20 % of residents under 15. Germany, the EU country with the most Turkish and Turkish-origin residents, had a 2010 population of 82 million shrinking by 160,000 a year; 14 % of residents are under 15. Austria had a stable 8.4 million residents, and 15 % were under 15.

22 In all OECD countries including Mexico and Turkey, employment in 2009 was 540 million, including 26 million in agriculture.

23 World Bank, "Turkey Labour Market Study", 14 April 2006, p. iii; More recent data suggest that 9.4 million of the 21.1 million Turkish workers in 2009 were not registered with the state social security system called *Sosyal Güvenlik Kurumu* (SGK).

24 It was reported that total employment in Turkey rose from 16 million to 22 million between 1980 and 2004; employment in agriculture fell from 8.4 million to 7.4 million during these years. See, Ibid., p.v.

25 According to the OECD, 84 % of the 154 million-strong US labour force were wage and salary employees in 2009, while 81 % of the 42 million strong German labour force were wage and salary employees.

26 With half of the population in the labour force, the Mexican labour force would have been 54 million rather than 45 million in 2009, and the Turkish labour force would have been 36 million rather than 24 million in 2008 (both numbers would be higher using PRB population data). Applying 82 % wage and salary workers to the enlarged 54 million Mexican labour force would mean 44 million wage and salary employees, 16 million more, and applying 82 % to the enlarged 36 million Turkish labour force would mean 29 million wage and salary employees instead of 13 million, 17 million more (rounding).

27 Volatility in economic growth and inflation are associated with slower growth in jobs and per capita GDP growth.

28 OECD labour force data suggest that Turkey's labour force was stable between 2004 and 2009 at about 25 million, but the number of wage and salary employees rose from 11 million to 13 million.

29 Assar Lindbeck and Dennis Snower, *The Insider-Outsider Theory of Employment and Unemployment*, Cambridge, Massachusetts, MIT Press, 1989.

30 World Bank, "Turkey Labour Market Study", p. i.

31 Turkish workers with 20 years of employment are entitled to 20 months of severance pay, versus an average six months in OECD countries. See, Ibid., p.x. However, not all workers

who should receive severance pay in fact receive such pay, including requiring new hires to sign undated resignation letters and negotiating with workers to pay them a fraction of the severance pay due; public sector workers and those employed in the largest firms normally receive stipulated severance pay. Employer-employee benefit costs averaged 36 % of wages in 2005.

32 The 2003 Labour Code allows temp agencies to operate, but restricts employers to using temp workers only when "objective" reasons exist, such as for seasonal work. See, World Bank, "Turkey Labour Market Study", p. xi.

33 Employer pension contributions are based on days rather than hours worked, another factor encouraging long hours of work.

34 World Bank, "Turkey Labour Market Study", p. ix.

35 Turkey had major devaluations in 1980, 1994 and 2000-01.

36 Crude oil production is expected to decline from 2.6 million barrels a day in 2010 to 2.1 million in 2015.

37 Mexican health, pension, housing and other social programs are financed by employment-related taxes, which increases the non-wage cost of hiring formal sector workers. Efforts to reform labour laws in 2010 stalled.

38 Philip Martin, *Trade and Migration: NAFTA and Agriculture*, Washington, DC, Institute for International Economics, October 1993.

39 Mercedes González De la Rocha and Agustín Escobar Latapí, "Choices or Constraints? Informality, Labour Market and Poverty in Mexico", *IDS Bulletin*, Vol. 39, No. 2 (May 2008), pp. 37-47.

40 Rodrik argues that Turkish economic growth should be fuelled by domestic savings rather than FDI, since FDI increases the current account deficit and the exchange rate. Rodrik argues that Brazil, which also has high real interest rates, is the appropriate model for Turkey, which should reduce government spending in order to allow the central bank to reduce interest rates and stimulate domestic investment. Rodrik believes that Turkey must keep its current account deficit at three percent or less, raise the domestic savings rate from 16 to 28 percent, and intervene to prevent the lira from becoming overvalued. Dani Rodrik, "The Turkish Economy after the Crisis", Turkish Economic Association, *Discussion Paper 2009/9*, pp. 22-23, at www.tek.org.tr [last visited 25 March 2012].

41 One reason for difficult school-to-work transitions for young men is military conscription, which is generally 15 months (12 months for university graduates). Most employers do not offer formal jobs to young men until they have completed their military service. Some argue that conscription contributes to the brain drain from Turkey. Turkey, a country with less than a fourth the US population, has over 500,000 active military personnel, compared with fewer than 1.4 million in the US.

42 Harry Flam, "Economic Effects of Turkey's Membership on the European Union", in Bernard M. Hoekman and Sübidey Togan (eds.), *Turkey- Economic Reform & Accession to the European Union,* Washington, DC, Co-publication of the World Bank and the Centre for Economic Policy Research, 2005, pp. 341-352.